

**ARKANSAS PUBLIC SERVICE COMMISSION**

ARK. PUBLIC SERV. COMM

Sch 24-A

Sheet No. 14

SECRETARY OF COMM.

Southwest Arkansas Telephone Cooperative, Inc .  
Name of Company

2012 MAY 29 A 8:13

Schedule No.: 24

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Title: **LIFELINE ASSISTANCE PROGRAM**

**SCHEDULE 24-A**

(RT)

2.5.2.2 (Reserved for future use)

## ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 15

Southwest Arkansas Telephone Cooperative, Inc.  
Name of Company

Schedule No.: 24

Title: LIFELINE ASSISTANCE PROGRAM

ARK. PUBLIC SERV. COMM.

SECRETARY OF COMM.

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## SCHEDULE 24-A

## 2.5.3 Certification of eligibility through participation in governmental programs.

(CT)

2.5.3.1 The applicant's eligibility for lifeline service due to participation in governmental programs shall be certified by the applicant in coordination with the governmental entity providing, monitoring, or reviewing program participation. For instance, many programs may be provided by the Department of Human Services, Department of Health, and local school districts. This ETC will coordinate with the applicant and the appropriate governmental entity to ensure proper certification. This ETC shall establish appropriate procedures that include self-certification by applicants, under penalty of perjury, that the applicant receives benefits from the eligibility programs and identify the program or programs from which the applicant receives benefits. The certifying document shall also include the requirement that the consumer will notify this ETC if the consumer ceases to participate in the program or programs.

## 2.6 CONSUMER COMPLAINT RESOLUTION

## 2.6.1 General

2.6.1.1 The Federal Lifeline Program requires a consumer complaint resolution process. The Arkansas Public Service Commission has determined in Order No. 1 of Docket No. 05-038-U that any ETC, which maintains tariffs and is subject to the Public Service Commission's consumer complaint procedures, meet the dispute resolution requirements for Lifeline. This ETC is subject to the Public Service Commission's consumer complaint procedures and shall use the Public Service Commission's consumer complaint procedures to meet the dispute resolution requirements for Lifeline.

## ARKANSAS PUBLIC SERVICE COMMISSION

ARK. PUBLIC SERV. COMM

Sch 24-A

Sheet No. 16

SECRETARY OF COMM.

Southwest Arkansas Telephone Cooperative, Inc.  
Name of Company

2012 MAY 29 A 8:14

Schedule No.: 24

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Title: LIFELINE ASSISTANCE PROGRAM

## SCHEDULE 24-A

## 2.7 VERIFICATION OF CONTINUED ELIGIBILITY

## 2.7.1 General

(CT) 2.7.1.1 The Lifeline program requires this ETC to annually monitor the continued eligibility of Lifeline participants by requiring each Lifeline subscriber, both existing subscribers and new subscribers, to provide annual self-certifications attesting to their continued eligibility of the program. During the re-certification process of year 2012, the Telephone Company shall re-certify all of their subscribers claimed on their June FCC Form 497 and report the results of this annual re-certification process to the Commission, USAC and the Arkansas State Commission by the end of 2012. Beginning in 2013, this Telephone Company will annually choose to either, where ETCs cannot re-certify their subscribers by accessing a database, they must re-certify their Lifeline customers on an annual basis or elect to have USAC re-certify them. Also, should the Telephone Company choose to use a state or federal program database to confirm a consumers ongoing eligibility for Lifeline, the annual re-certification will not be implemented.

(RT) 2.7.2 (Reserved for future use)

(RT) 2.7.2.1 (Reserved for future use)

(RT) 2.7.2.2 (Reserved for future use)

## ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 17

Southwest Arkansas Telephone Cooperative, Inc.  
Name of Company

Schedule No.: 24

Title: LIFELINE ASSISTANCE PROGRAM

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## SCHEDULE 24-A

## 2.8 PROCESS FOR TERMINATION OF LIFELINE BENEFITS

## 2.8.1 General

2.8.1.1 A consumer's eligibility for Lifeline may be terminated due to failure to maintain qualifications for Lifeline. This ETC shall follow the required process for termination of Lifeline benefits.

## 2.8.2. Process

2.8.2.1 Customers will be notified of the impending termination of Lifeline benefits in a letter separate from the consumer's monthly bill.

2.8.2.2 The customer will have up to sixty (60) days from the date of the termination letter in which to demonstrate his or her continued eligibility before Lifeline support is discontinued.

2.8.2.3 A customer who appeals must present proof of continued eligibility consistent with the above Lifeline qualifications.

2.8.2.4 This ETC will terminate Lifeline services for subscribers who fail to demonstrate continued eligibility within the sixty (60) day time period.



## ARKANSAS PUBLIC SERVICE COMMISSION

Sch 24-A

Sheet No. 18

Southwest Arkansas Telephone Cooperative, Inc.,  
Name of Company

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Title: LIFELINE ASSISTANCE PROGRAM

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## SCHEDULE 24-A

## 2.9 RECORD RETENTION POLICY

## 2.9.1 General

2.9.1.1 The Federal Communications Commission has established specific record retention requirements for the Lifeline certification process. This ETC will have specific procedures to ensure its record retention policy complies with legal requirements.

(RT)

2.9.1.2 This ETC, through its own recordkeeping, shall maintain certification records for the period of time required by the Federal Communications Commission for all Lifeline participants.

2.9.1.3 This ETC shall retain certifications, signed by the subscriber, regarding the consumer's eligibility for Lifeline, including self-certifications, that income documentation accurately reflects the household income. This certification shall be retained at least as long as the consumer receives Lifeline service from this ETC or until this ETC is audited by the Administrator. This ETC shall maintain certifications for subscribers terminating Lifeline service for at least three (3) years after termination. Such records shall be maintained in compliance with all federal and Public Service Commission requirements and such records shall be provided to the Administrator or the Public Service Commission upon proper request.

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to, a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0572-0031. The time required to complete this information collection is estimated to average 4 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

USDA-RUS

This data will be used by RUS to review your financial situation. Your response is required by 7 U.S.C. 901 et seq. and, subject to federal laws and regulations regarding confidential information, will be treated as confidential.

BORROWER NAME

Southwest Arkansas Telephone Cooperative, Inc.

(Prepared with Audited Data)

INSTRUCTIONS-Submit report to RUS within 30 days after close of the period.  
For detailed instructions, see RUS Bulletin 1744-2. Report in whole dollars only.

PERIOD ENDING  
December, 2013

BORROWER DESIGNATION  
AR0514

**CERTIFICATION**

We hereby certify that the entries in this report are in accordance with the accounts and other records of the system and reflect the status of the system to the best of our knowledge and belief.

ALL INSURANCE REQUIRED BY 7 CFR PART 1788, CHAPTER XVII, RUS, WAS IN FORCE DURING THE REPORTING PERIOD AND RENEWALS HAVE BEEN OBTAINED FOR ALL POLICIES.

DURING THE PERIOD COVERED BY THIS REPORT PURSUANT TO PART 1788 OF 7CFR CHAPTER XVII

(Check one of the following)

☒ All of the obligations under the RUS loan documents have been fulfilled in all material respects.

☐ There has been a default in the fulfillment of the obligations under the RUS loan documents. Said default(s) is/are specifically described in the Telecom Operating Report

William Hegmann

3/11/2014

DATE

**PART A. BALANCE SHEET**

ASSETS	BALANCE PRIOR YEAR	BALANCE END OF PERIOD	LIABILITIES AND STOCKHOLDERS' EQUITY	BALANCE PRIOR YEAR	BALANCE END OF PERIOD
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
1. Cash and Equivalents			25. Accounts Payable		
2. Cash-RUS Construction Fund			26. Notes Payable		
3. Affiliates:			27. Advance Billings and Payments		
a. Telecom, Accounts Receivable			28. Customer Deposits		
b. Other Accounts Receivable			29. Current Mat. L/T Debt		
c. Notes Receivable			30. Current Mat. L/T Debt-Rur. Dev.		
4. Non-Affiliates:			31. Current Mat.-Capital Leases		
a. Telecom, Accounts Receivable			32. Income Taxes Accrued		
b. Other Accounts Receivable			33. Other Taxes Accrued		
c. Notes Receivable			34. Other Current Liabilities		
5. Interest and Dividends Receivable			35. Total Current Liabilities (25 thru 34)		
6. Material-Regulated			<b>LONG-TERM DEBT</b>		
7. Material-Nonregulated			36. Funded Debt-RUS Notes		
8. Prepayments			37. Funded Debt-RTB Notes		
9. Other Current Assets			38. Funded Debt-FFB Notes		
10. Total Current Assets (1 Thru 9)			39. Funded Debt-Other		
<b>NONCURRENT ASSETS</b>			40. Funded Debt-Rural Develop. Loan		
11. Investment in Affiliated Companies			41. Premium (Discount) on L/T Debt		
a. Rural Development			42. Reacquired Debt		
b. Nonrural Development			43. Obligations Under Capital Lease		
12. Other Investments			44. Adv. From Affiliated Companies		
a. Rural Development			45. Other Long-Term Debt		
b. Nonrural Development			46. Total Long-Term Debt (36 thru 45)		
13. Nonregulated Investments			<b>OTHER LIAB. &amp; DEF. CREDITS</b>		
14. Other Noncurrent Assets			47. Other Long-Term Liabilities		
15. Deferred Charges			48. Other Deferred Credits		
16. Jurisdictional Differences			49. Other Jurisdictional Differences		
17. Total Noncurrent Assets (11 thru 16)			50. Total Other Liabilities and Deferred Credits (47 thru 49)		
<b>PLANT, PROPERTY, AND EQUIPMENT</b>			<b>EQUITY</b>		
18. Telecom, Plant-in-Service			51. Cap. Stock Outstand. & Subscribed		
19. Property Held for Future Use			52. Additional Paid-in-Capital		
20. Plant Under Construction			53. Treasury Stock		
21. Plant Adj., Nonop. Plant & Goodwill			54. Membership and Cap. Certificates		
22. Less Accumulated Depreciation			55. Other Capital		
23. Net Plant (18 thru 21 less 22)			56. Patronage Capital Credits		
24. TOTAL ASSETS (10+17+23)			57. Retained Earnings or Margins		
			58. Total Equity (51 thru 57)		
			59. TOTAL LIABILITIES AND EQUITY (35+46+50+58)		

Total Equity = 50.93% % of Total Assets



<p align="center">USDA-RUS</p> <p align="center"><b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b></p>	<p>BORROWER DESIGNATION</p> <p align="center">AR0514</p>	
<p>INSTRUCTIONS- See RUS Bulletin 1744-2</p>	<p>PERIOD ENDING</p> <p align="center">December, 2013</p>	
<p align="center"><b>PART B. STATEMENTS OF INCOME AND RETAINED EARNINGS OR MARGINS</b></p>		
ITEM	PRIOR YEAR	THIS YEAR
1. Local Network Services Revenues		
2. Network Access Services Revenues		
3. Long Distance Network Services Revenues		
4. Carrier Billing and Collection Revenues		
5. Miscellaneous Revenues		
6. Uncollectible Revenues		
7. <b>Net Operating Revenues (1 thru 5 less 6)</b>		
8. Plant Specific Operations Expense		
9. Plant Nonspecific Operations Expense (Excluding Depreciation & Amortization)		
10. Depreciation Expense		
11. Amortization Expense		
12. Customer Operations Expense		
13. Corporate Operations Expense		
14. <b>Total Operating Expenses (8 thru 13)</b>		
15. Operating Income or Margins (7 less 14)		
16. Other Operating Income and Expenses		
17. State and Local Taxes		
18. Federal Income Taxes		
19. Other Taxes		
20. <b>Total Operating Taxes (17+18+19)</b>		
21. Net Operating Income or Margins (15+16-20)		
22. Interest on Funded Debt		
23. Interest Expense - Capital Leases		
24. Other Interest Expense		
25. Allowance for Funds Used During Construction		
26. <b>Total Fixed Charges (22+23+24-25)</b>		
27. Nonoperating Net Income		
28. Extraordinary Items		
29. Jurisdictional Differences		
30. Nonregulated Net Income		
31. <b>Total Net Income or Margins (21+27+28+29+30-26)</b>		
32. Total Taxes Based on Income		
33. Retained Earnings or Margins Beginning-of-Year		
34. Miscellaneous Credits Year-to-Date		
35. Dividends Declared (Common)		
36. Dividends Declared (Preferred)		
37. Other Debits Year-to-Date		
38. Transfers to Patronage Capital		
39. <b>Retained Earnings or Margins End-of-Period [(31+33+34) - (35+36+37+38)]</b>		
40. Patronage Capital Beginning-of-Year		
41. Transfers to Patronage Capital		
42. Patronage Capital Credits Retired		
43. <b>Patronage Capital End-of-Year (40+41-42)</b>		
44. Annual Debt Service Payments		
45. Cash Ratio [(14+20-10-11) / 7]		
46. Operating Accrual Ratio [(14+20+26) / 7]		
47. TIER [(31+26) / 26]		
48. DSCR [(31+26+10+11) / 44]		

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  <i>INSTRUCTIONS - See RUS Bulletin 1744-2</i>						BORROWER DESIGNATION AR0514  PERIOD ENDED December, 2013	
<b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>							
	<b>1. RATES</b>		<b>2. SUBSCRIBERS (ACCESS LINES)</b>			<b>3. ROUTE MILES</b>	
<b>EXCHANGE</b>	<b>B-1</b>	<b>R-1</b>	<b>BUSINESS</b>	<b>RESIDENTIAL</b>	<b>TOTAL</b>	<b>TOTAL</b>	<b>FIBER</b>
	(a)	(b)	(a)	(b)	(c)	(including fiber) (a)	(b)
Bloomburg							
Doddridge							
Emerson							
Fouke							
Fulton							
Garland							
Trigg							
Washington							
MobileWireless							
Route Mileage							
Outside Exchange							
Area							
Total							
No. Exchanges							



USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>  <i>INSTRUCTIONS - See RUS Bulletin 1744-2</i>							BORROWER DESIGNATION AR0514  PERIOD ENDED December, 2013	
<b>Part C. SUBSCRIBER (ACCESS LINE), ROUTE MILE, &amp; HIGH SPEED DATA INFORMATION</b>								
<b>4. BROADBAND SERVICE</b>								
<b>Details on Least Expensive Broadband Service</b>								
EXCHANGE	No. Access Lines with BB available (a)	No Of Broadband Subscribers (b)	Number Of Subscribers (c)	Advertised Download Rate (Kbps) (d)	Advertised Upload Rate (Kbps) (e)	Price Per Month (f)	Standalone/Pckg (f)	Type Of Technology (g)
Bloomburg								
Doddridge								
Emerson								
Fouke								
Fulton								
Garland								
Trigg								
Washington								
Total								

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>		<b>BORROWER DESIGNATION</b> AR0514  <b>PERIOD ENDING</b> December, 2013			
INSTRUCTIONS- See RUS Bulletin 1744-2					
<b>PART D. SYSTEM DATA</b>					
1. No. Plant Employees	2. No. Other Employees	3. Square Miles Served	4. Access Lines per Square Mile		
<b>PART E. TOLL DATA</b>					
1. Study Area ID Code(s)  a. b. c. d. e. f. g. h. i. j.		2. Types of Toll Settlements (Check one)  Interstate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis  Intrastate: <input type="checkbox"/> Average Schedule <input checked="" type="checkbox"/> Cost Basis			
<b>PART F. FUNDS INVESTED IN PLANT DURING YEAR</b>					
1. RUS, RTB, & FFB Loan Funds Expended					
2. Other Long-Term Loan Funds Expended					
3. Funds Expended Under RUS Interim Approval					
4. Other Short-Term Loan Funds Expended					
5. General Funds Expended (Other than Interim)					
6. Salvaged Materials					
7. Contribution in Aid to Construction					
8. Gross Additions to Telecom. Plant (1 thru 7)					
<b>PART G. INVESTMENTS IN AFFILIATED COMPANIES</b>					
INVESTMENTS  (a)	CURRENT YEAR DATA		CUMULATIVE DATA		
	Investment This Year  (b)	Income/Loss This Year  (c)	Cumulative Investment To Date  (d)	Cumulative Income/Loss To Date  (e)	Current Balance  (f)
1. Investment in Affiliated Companies - Rural Development					
2. Investment in Affiliated Companies - Nonrural Development					

<b>USDA-RUS</b>  <b>OPERATING REPORT FOR</b> <b>TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION AR0514  PERIOD ENDING December, 2013
<b>PART H. CURRENT DEPRECIATION RATES</b>	
Are corporation's depreciation rates approved by the regulatory authority with jurisdiction over the provision of telephone services? (Check one)	
<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
<b>EQUIPMENT CATEGORY</b>	<b>DEPRECIATION RATE</b>
1. Land and support assets - Motor Vehicles	
2. Land and support assets - Aircraft	
3. Land and support assets - Special purpose vehicles	
4. Land and support assets - Garage and other work equipment	
5. Land and support assets - Buildings	
6. Land and support assets - Furniture and Office equipment	
7. Land and support assets - General purpose computers	
8. Central Office Switching - Digital	
9. Central Office Switching - Analog & Electro-mechanical	
10. Central Office Switching - Operator Systems	
11. Central Office Transmission - Radio Systems	
12. Central Office Transmission - Circuit equipment	
13. Information origination/termination - Station apparatus	
14. Information origination/termination - Customer premises wiring	
15. Information origination/termination - Large private branch exchanges	
16. Information origination/termination - Public telephone terminal equipment	
17. Information origination/termination - Other terminal equipment	
18. Cable and wire facilities - Poles	
19. Cable and wire facilities - Aerial cable - Metal	
20. Cable and wire facilities - Aerial cable - Fiber	
21. Cable and wire facilities - Underground cable - Metal	
22. Cable and wire facilities - Underground cable - Fiber	
23. Cable and wire facilities - Buried cable - Metal	
24. Cable and wire facilities - Buried cable - Fiber	
25. Cable and wire facilities - Conduit systems	
26. Cable and wire facilities - Other	

USDA-RUS

BORROWER DESIGNATION

AR0514

**OPERATING REPORT FOR  
TELECOMMUNICATIONS BORROWERS**

PERIOD ENDED

December, 2013

INSTRUCTIONS – See help in the online application.

**PART I – STATEMENT OF CASH FLOWS****1. Beginning Cash (Cash and Equivalents plus RUS Construction Fund)****CASH FLOWS FROM OPERATING ACTIVITIES****2. Net Income***Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities*

3. Add: Depreciation

4. Add: Amortization

5. Other (Explain)  
RETIREMENTS*Changes in Operating Assets and Liabilities*

6. Decrease/(Increase) in Accounts Receivable

7. Decrease/(Increase) in Materials and Inventory

8. Decrease/(Increase) in Prepayments and Deferred Charges

9. Decrease/(Increase) in Other Current Assets

10. Increase/(Decrease) in Accounts Payable

11. Increase/(Decrease) in Advance Billings &amp; Payments

12. Increase/(Decrease) in Other Current Liabilities

**13. Net Cash Provided/(Used) by Operations****CASH FLOWS FROM FINANCING ACTIVITIES**

14. Decrease/(Increase) in Notes Receivable

15. Increase/(Decrease) in Notes Payable

16. Increase/(Decrease) in Customer Deposits

17. Net Increase/(Decrease) in Long Term Debt (Including Current Maturities)

18. Increase/(Decrease) in Other Liabilities &amp; Deferred Credits

19. Increase/(Decrease) in Capital Stock, Paid-in Capital, Membership and Capital Certificates &amp; Other Capital

20. Less: Payment of Dividends

21. Less: Patronage Capital Credits Retired

22. Other (Explain)  
INTEREST RECEIVABLE AND ACCRUED TAXES**23. Net Cash Provided/(Used) by Financing Activities****CASH FLOWS FROM INVESTING ACTIVITIES**

24. Net Capital Expenditures (Property, Plant &amp; Equipment)

25. Other Long-Term Investments

26. Other Noncurrent Assets &amp; Jurisdictional Differences

27. Other (Explain)  
PRIOR PERIOD ADJUSTMENTS**28. Net Cash Provided/(Used) by Investing Activities****29. Net Increase/(Decrease) in Cash****30. Ending Cash**

Revision Date 2010



USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  AR0514
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
<b>NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	

USDA-RUS  <b>OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	BORROWER DESIGNATION  AR0514
INSTRUCTIONS - See RUS Bulletin 1744-2	PERIOD ENDED December, 2013
<b>CERTIFICATION LOAN DEFAULT NOTES TO THE OPERATING REPORT FOR TELECOMMUNICATIONS BORROWERS</b>	